

FREQUENTLY ASKED QUESTIONS

For Small Businesses

What is SHOP?

The Small Business Health Options Program (SHOP) enables small businesses and their employees to compare and select from a variety of qualified health plans from private insurers and select the plans that suit their needs and budgets. SHOP is a program of Maryland Health Connection. Maryland's SHOP will open on April 1, 2014.

When does SHOP start?

In Maryland, the SHOP opens in April 1, 2014. The health coverage you purchase for your employees can begin as early as June 1, 2014. SHOP has no specific open enrollment period, so you can sign up at any time after April 1, 2014.

What value is there for small businesses to purchase inside the SHOP?

The Small Business Health Options Program will provide small employers a way of offering coverage they have never had before. The "employee choice" model allows small businesses to offer multiple carriers to their employees as opposed to just one carrier. Additionally, some small businesses will also be able to qualify for tax credits up to 50 percent if they contribute to the cost of employee coverage.

How do I qualify for a tax credit?

Your small business may qualify for the tax credit for providing health insurance to employees if: you contribute at least 50 percent toward employee premium costs; you employ 25 or fewer full-time equivalent employees; and you pay an average annual salary of less than \$50,000. The contribution requirement also applies to vision, dental and other add-on coverage. Employers with 10 or fewer full-time equivalent employees paying an average annual wage of \$25,000 or less are eligible for the maximum tax credit.

How much is the tax credit?

The amount of the tax credit depends on your number of full-time equivalent employees, the average annual wages you pay and how much you spend on insurance premiums for employees. In the first phase of the tax credit, through 2013, there is a sliding scale up to 35 percent of eligible premium expenses. In 2014, the tax credit increases to 50 percent of premium expenses and remains available for a total of two consecutive years. Tax credits available to small employers with 25 or fewer full-time equivalent employees are detailed in the Health Care Tax Credits for Small Business fact sheet found at **MarylandHealthConnection.gov**.

How do I know if my business qualifies for SHOP?

Any Maryland business with one to 50 full-time equivalent (FTE) employees is considered a small business and is eligible to use SHOP.

For Small Business

May I work with an insurance agent or TPA to purchase health coverage through SHOP?

Yes, insurance agents who have been authorized by the Maryland Health Benefit Exchange and certified third party administrators (TPAs) can help you select and purchase health insurance for your business through SHOP.

What are the small employer contribution requirements for the SHOP?

The Maryland Health Progress Act of 2013 establishes three defined contribution options for small employer who purchases from the SHOP:

1. No Contribution.
2. Small employers could elect to make a percentage contribution based on a reference plan at the desired metal level in the SHOP.
3. Small employers could select a reference plan and then make a contribution to each employee that would ensure all employees contribute the same amount by coverage level and job class.

What are the small employer contribution requirements for the SHOP?

Small businesses that purchase coverage through the SHOP will have the option of choosing between two coverage models for their employees:

- **Employer Choice**—Small employers may select one holding company and allow employees to choose from any plans offered by any carrier within that company across all metal levels.
- **Employee Choice**—Allows a small employer to select a metal level and then employees choose any carrier offering plans at that level.